

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Health and Human Services Appropriations Committee

BILL: PCS/SB 398

INTRODUCER: Health and Human Services Appropriations Committee and Senator Saunders

SUBJECT: Department of Children and Family Services

DATE: March 13, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hardy</u>	<u>Peters</u>	<u>HA</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>WM</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The PCS makes changes that are necessary to implement the decisions included in the proposed Health and Human Services budget. It expresses legislative intent to revise laws related to funding for social services. These revisions are required to implement certain provisions in the General Appropriations Act for FY 2006-2007. Specifically, this bill does the following:

- Amends s. 394.457, F.S., clarifying that Baker Act services are subject to 25 percent local participation. This amendment continues a one-year provision in Chapter 2005-71, Laws of Florida, and makes this requirement for local participation permanent.
- Amends s. 394.908, F.S., modifying the method of allocating substance abuse and mental health funding to specify that 100 percent of all appropriation increases to these programs shall be distributed based on epidemiological estimates of disabilities that apply to the respective target populations to ensure that districts below the statewide average budget level receive the funding necessary to achieve equity.
- Repeals s. 402.33(10), F.S., removing restrictions placed on the utilization of fees collected by the department in excess of the appropriation.
- Amends s. 409.1671(7), F.S., reassigning responsibility for the operation and maintenance of the community-based care risk pool from the Florida Coalition for Children, Inc., to DCF; revising the requirements for operating the risk pool; mandating the department to develop a long-range plan, in consultation with the Florida Coalition for Children, Inc., and to submit the plan for approval by the Office of the Governor and the Legislative Budget Commission; and authorizing the department to issue an interest-

free loan to the Florida Coalition for Children, Inc., for the purpose of operating a self-insurance program.

This bill becomes effective on July 1, 2006.

II. Present Situation:

Baker Act Match

S. 394.76, F.S., mental health services funded from Baker Act state funds be subject to a local participation rate of 25 percent, except as otherwise allowed by s. 394.457(3), F.S., which is the authorizing statute for the Baker Act. Section 394.457(3), F.S., provides that Baker Act services may be reimbursed by the state at a rate up to 100 percent. This provision has been construed by certain local jurisdictions to mean that Baker Act services are not subject to a 25 percent local match.

Mental Health and Substance Abuse Equity

Section 394.908, F.S., specifies the methodology by which substance abuse and mental health dollars shall be distributed. Any increases beyond the base appropriation for alcohol, drug abuse, and mental health services for Fiscal Year 1996-1997 are to be allocated as follows:

- 75 percent of funding increases are to be allocated based on epidemiological estimates of disabilities applying to the applicable target populations. This provision is intended to ensure that districts below the statewide average funding level per person “in need” receive equity funding.
- The remaining 25 percent shall be allocated based on the number of persons in need of substance abuse and mental health services per district without regard to current funding levels.

The law also specifies that additional funding after July 1, 1998 is to be performance-based.

Use of Fees in Excess of the Appropriation

Section 402.33(10), Florida Statutes, states that, unless otherwise specified by the Legislature, fees collected in excess of appropriations may be used to fund nonrecurring expenditures for direct client services and for improving the department’s fee collection efforts. This limitation precludes the appropriation of these funds for a number of activities. The repeal of this restriction has been included numerous times in the General Appropriations Act implementing legislation.

Community-Based Care Risk Pool

Section 409.1671(7), Florida Statutes, authorizes the community-based risk pool, which is a reserve intended to provide a safety net for private providers, who do not have the ability to manage financial risk through the use of statewide realignments in the agency budget nor do they have sovereign immunity. The risk pool is funded from unreserved fund balances in excess of

appropriations (unrestricted trust fund cash). The state appropriation for the risk pool for FY 2005-2006 is \$7.5 million, and the appropriation for the insurance pool is \$3 million, for a total of \$10 million. Both appropriations are intended as temporary loans to the Coalition for Children, Inc., the entity responsible for operating the fund.

Section 409.1671(7), Florida Statutes directs the coalition to prepare and submit a plan, by no later than January 1, 2005, to the department, the Governor and the Legislative Budget Commission before any funds are released from the pool. The plan has never been approved and, as a result, no funds have ever been released from the risk pool.

III. Effect of Proposed Changes:

Section 1. Amends s. 394.457, F.S., deleting provisions authorizing a reimbursement rate of 100 percent by the department for services provided under the Baker Act.

Section 2. Amends s. 394.908, F.S., revising the methodology for distributing appropriation increases for substance abuse and mental health services.

Section 3. Repeals s. 402.33(10), F.S., restricting the use of unreserved fund balances for nonrecurring expenditures incurred in providing direct client services and for certain administrative costs.

Section 4. Amends s. 409.1671, F.S., revising provisions requiring that a statewide risk pool be established for community-based providers, their subcontractors, and providers of other social services who contract with the department; requiring that the department develop a plan, in consultation with the Florida Coalition for Children, Inc., regarding the long-term use and structure of the risk pool; deleting certain restrictions governing payments for insolvency; and authorizing the department to issue an interest-free loan to the Florida Coalition for Children, Inc., for the purpose of creating a self-insurance program.

Section 5. Provides an effective date of July 1, 2006.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

This bill will protect community mental health agencies from potential losses of local match for Baker Act services.

C. Government Sector Impact:

This bill will clarify that local municipalities must contribute a 25 percent match if they wish to receive state Baker Act funds.

The Health and Human Services proposed budget for FY 2006-2007 includes \$7,500,000 for the risk pool, and \$3,000,000 for the self-insurance pool. Both appropriations are funded from nonrecurring unrestricted trust fund cash.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

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